



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 15, 2019

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Professional Services Agreement With Kosmont & Associates To Prepare Downtown Strategic Plan

RECOMMENDATION: That Council:

- A. Authorize the City Administrator to negotiate and execute a contract for professional services with Kosmont & Associates not to exceed \$84,680 to prepare a strategic plan and specific recommendations to revitalize the downtown area;
- B. Authorize the transfer of appropriations within the General Fund in the amount of \$84,680 from Police Department salary savings through vacant positions to the City Administrator's Office to fund the contract; and
- C. Receive a brief update on activities related to improving economic vitality downtown.

DISCUSSION:

Background

Over the past few years, Council has been discussing ways to improve the planning and permitting process and address economic vitality in the downtown area. On August 14, 2018, Council received a comprehensive update on various efforts, including business retention and commercial property vacancies, infrastructure enhancements, public safety, transportation and parking, arts and culture activities, events, marketing, planning and permitting, housing opportunities, and oversight of downtown issues. Council voted to hire a consultant to develop a strategic plan to guide next steps for the City, business organizations, and stakeholder groups to enhance downtown economic vitality.

Selection Process

The City issued a Request for Proposals to qualified firms and national associations to find a consulting firm to develop a strategic plan and recommendations to revitalize and position the downtown area to continue serving as the main commercial center and

destination for cultural arts and entertainment. A total of five responses were received from various firms and partnerships with different specialty areas and approaches. A committee of stakeholders from the business community interviewed all consulting firms and recommended Kosmont as their top selection. A staff team interviewed the three final candidates and selected Kosmont based on the most pertinent experience and approach to address the current retail vacancies and business retention needs. The Council Subcommittee on Economic Vitality (Mayor Murillo, Councilmember Rowse, and Councilmember Friedman) also interviewed Kosmont and recommended that their firm prepare the Downtown Strategic Plan.

Kosmont Companies is a full-service local government, economics and real estate advisory firm with a strong track record of working with cities and public agencies on economic development, downtown retail market analyses, and evaluating real estate projects. They bring a strong understanding of current retail trends and real estate investment and experience working with a wide range of cities. They will provide a comprehensive market analysis and commercial strategy for the downtown area.

Scope of Work

Kosmont plans to conduct public outreach through community meetings, stakeholder interviews, and an online public engagement tool to receive input from residents. The strategic plan will incorporate an analysis of ideas generated through outreach, in addition to public input received to date. Kosmont will address the following components as part of the Downtown Strategic Plan:

- **Business Retention and Vacancies:** Kosmont will provide a detailed analysis of the following:
 - Community demographics
 - Resident spending patterns
 - Spending leakage to other commercial areas within and outside the City or online shopping
 - Commercial lease rates with other comparable communities, and
 - Total retail space, retail demand, and market potential

Based on this analysis and retail trends, Kosmont will make recommendations to shift the tenant mix toward the needs of residents and provide guidance for property owners and brokers to select optimal tenants. Kosmont will share best practices, incentives, and actions implemented in other cities to retain local businesses.

- **Land Use Planning:** Kosmont will make recommendations and provide specific strategies to create and support a mix of retail, office, and residential uses that support vibrancy, encourage diverse housing options, and serve the City's unique demographic needs. The 14-block State Street corridor consists of many large retail spaces and they will provide advice to reposition how spaces are occupied or renovated to achieve a dynamic mix of retail, office, and residential uses.

- **Economic Development:** There are several business organizations and improvement districts that currently provide a range of services to the business community. Additionally, the City does not have official economic development staff. Services such as retail recruitment and economic development are not currently performed. Kosmont will review the services provided by each organization and develop recommendations and strategies for the City organization and business organizations to better focus existing resources, clarify roles, identify unmet staffing needs, improve alignment of mission, key responsibility areas, and address gaps in service.
- **Infrastructure and Facility Upgrades:** Kosmont will assess the downtown streetscape, sidewalks, street amenities, and public seating areas to identify opportunities for upgrades and redesign. Recommendations and specific strategies will be given to enhance the pedestrian environment, and improve cleanliness and aesthetics.
- **Transportation, Parking, and Pedestrian Focus:** Kosmont will make recommendations for temporary street closures to enhance the pedestrian environment and consider a shift toward a pedestrian mall design to ensure a quality pedestrian-focused experience that attracts residents and visitors year-round. They will assess the effectiveness of the route and operation of the Downtown-Waterfront shuttle that runs along State Street to ensure public use and connectivity.
- **Arts, Events, and Marketing:** Develop recommendations and specific strategies to restructure current marketing, arts, and events funding to promote economic vitality, provide affordable opportunities for arts, culture, and entertainment opportunities for residents, and generate pedestrian traffic downtown.
- **Regulatory Tools and Policies:** Based on outreach and perceptions from stakeholders, assess City regulations that affect local businesses. Kosmont will review rules and regulations and implementation procedures for City permitting, signage, outdoor dining, and special events. They will identify and recommend revisions to policies and procedures that are not conducive to business start-up and growth, use of public spaces for various special events and public art, and the overall vision of revitalizing the downtown area.

Assuming a January kickoff, the full scope of work is anticipated for completion by June 2019, with findings presented to the community and City Council. Staff recommends Council approve a contract with Kosmont for an amount not to exceed \$84,680.

Planning and Permitting Improvements

In response to a number of planning-, development- and construction-related recommendations made by downtown stakeholders at the August 14, 2018 Council

meeting, staff convened a Downtown Economic Vitality Working Group related to land use, parking, and discretionary project review. Generally, these recommendations are aimed at proposed policy changes and operational adjustments needed to improve efficiency, predictability and courtesy. This group has been meeting about every other week since late-September, and good progress is being made in considering each recommendation and developing final recommendations that will be presented to Council for final consideration at a future date. Equally as valuable to this group's activity is the information exchange that helps staff and stakeholders better understand each other's perspective and reasons why recommendations were made or why City policies and processes are in place. It is anticipated that the group's work will be complete this month.

BUDGET/FINANCIAL INFORMATION:

Since strategic planning services are not included in the current budget, the funding of \$84,680 is proposed to be paid from salary savings within the General Fund, specifically the Police Department, due to vacancies.

The agreement is on file in the City Clerk's Office at City Hall, 735 Anacapa Street.

PREPARED BY: Nina Johnson, Senior Assistant to the City Administrator

SUBMITTED BY: Paul Casey, City Administrator

APPROVED BY: City Administrator's Office